



# CONGRESSMAN HENRY A. WAXMAN NEWS

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Washington Report  
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## REAGAN'S ECONOMIC POLICY A DISASTER

I have hesitated to write about the current economic situation for fear readers would regard my remarks as narrowly partisan. I am, after all, a Democratic Congressman who has voted against all the major Reagan economic bills. I might be expected to be among the first to declare the President's program a failure. To avoid this impression I have waited until the President has approached the end of his first year in office. The facts now are unambiguous, undisputable, not subject to misinterpretation or re-evaluation by anyone of any party. WE ARE IN THE EARLY STAGE OF A MAJOR RECESSION.

Two of our most important industries are in the worst positions they have ever been since before World War II. Automobile sales are at an alltime low, the recession in the auto industry has now hit almost every category of cars including the much advertised Chrysler K and General Motors J cars, and the once extremely popular compact and subcompact imports.

The housing industry is at a virtual standstill. A combination of economic factors -- most important of which is high interest rates -- has discouraged builders from building private homes and apartment houses.

Not since the height of the Second World War -- when neither workers nor materials were available for homebuilding -- has the housing shortage been so severe. In Los Angeles apartment vacancies are under 2%. In our inner city recent immigrants are bitterly battling older ethnic groups for scarce living space.

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The latest unemployment figures have already hit the 8% mark. Reagan Administration spokesmen have predicted increases to 9.5% or even 9% early in 1982. We are approaching the unemployment rate of the 1958 Recession.

A fair minded person must ask whether there aren't some good signs along with the bad. Interest rates have dropped, but, it is too soon to celebrate.

Many economists feel that we are feeling only a slight and temporary dip. They predict fluctuations not much above or below 17%. Certainly the business community has not responded enthusiastically to the new "low" 16% rate. The people who run Wall Street -- the people who voted for Reagan, like him personally and want him to do well -- are predicting and preparing for the worst.

Does everyone suffer in a depression? Not really. A recent article in the Los Angeles Times gave a detailed account of the booming luxury catering industry. Most of their business comes from corporations. Big companies lavishly entertain their executives, staffs, clients, and prospective clients, and write it all off as a tax deductible business expense.

The lifestyles of wealthy individuals are only marginally affected by even a steep economic downturn. The number, size, and elaborateness of the private parties on the luxury boats moored along the Pacific Coast have actually increased as economic conditions for the vast majority of Americans have worsened.

We must remember that at the depths of the Great Depression in the 1930s upper class lifestyles were not altered. The prep schools, Ivy League colleges, Seven Sister schools, European cruises, mansions with servants, etc., all continued as before.

The maddening thing about a depression is that it is created by human beings, and it can be cured by human beings. We do not know how to stop a blizzard or an earthquake. We do know how to control

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interest rates, provide adequate unemployment insurance, stimulate the economy so that there are more jobs, and assess taxes fairly. I see no hope for the economy until after the 1982 elections. Massive Democratic victories could yield the majority in both the Senate and House which would give us substantial leverage over the President's ill-conceived and ill-fated economic policies.

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